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THE REPUBLIC OF THE PHILIPPINES )  
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SENATE

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INTRODUCED BY HONORABLE MAR ROXAS

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A RESOLUTION

URGING THE SENATE COMMITTEE ON TRADE AND COMMERCE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE EXPIRATION OF PATENTS OF SOME 10,000 ESSENTIAL DRUGS AND THE GOVERNMENT'S EFFORTS TO ENCOURAGE THE LOCAL MANUFACTURING OF OFF-PATENT DRUGS, WITH THE END IN VIEW OF INTRODUCING REMEDIAL MEASURES TO REDUCE PRICES OF MEDICINES SOLD IN THE COUNTRY

Whereas, Article XIII, Section 11 of the Constitution provides that the State shall adopt an integrated and comprehensive approach to health development, which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost;

Whereas, Republic Act No. 8293 or the Intellectual Property Code of the Philippines provides that the use of intellectual property bears a social function, and to this end, the State shall promote the diffusion of knowledge and information for the promotion of national development and progress and the common good;

Whereas, Sec. 71 of RA No. 8293 gives the right to an owner of a patent on a drug or medicine the right to restrain, prohibit, and prevent any unauthorized person or entity from making, using, offering for sale, selling or importing the product or process subject of a patent;

Whereas, Sec. 52 of the Code states that the term of a patent shall be twenty (20) years from the filing date of the application;

Whereas, the Philippine pharmaceutical market is one of the largest in Southeast Asia, with US\$1.4 billion in value as of July 2004. In 1998, the Philippines spent approximately US\$1.042 billion on drugs compared to Thailand where pharmaceutical spending totaled US\$584 million or US\$458 million less than the Philippines' in the same year;

Whereas, the Philippines has one of the highest drug prices in the ASEAN Region. In a study of retail prices by Health Action International of 12 essential drugs in the Philippines, it was found out that drug prices in the Philippines were 740% higher than those in India. In the year 2003 alone, Philippine Health Insurance reimbursed P3 billion worth of medicines, which comprises 1/3 of the benefits it gives to its members;

Whereas, one of the reasons cited why medicines in the Philippines are expensive is because almost all of the raw materials used in drug manufacturing are imported. Thus, the prices and the volume of medicines are often affected by domestic inflation, tariffs and other costs incurred in importation, which is passed on to consumers;

Whereas, studies on factors contributing to the high cost of medicines in the country estimated the mark ups added to the cost of drugs with the following averages: manufacturers – 12 to 15%, distributors – 15 to 25%, and drugstore – 20-35%;

Whereas, among the factors that discourage local pharmaceutical industries to produce active ingredients in medicines using local materials are the economics of scale, the huge investment required in research and formulation, and their inability to directly import raw materials from cheap sources because of existing patents on these materials or processes;

Whereas, data from the Bureau of Patents of the Intellectual Property Office (IPO) states that the patents of 10,266 drugs registered in the IPO from 1947 to 1988 have already lapsed, while 6,142 medicines registered from 1989 to March 2005 still have pending patents;

Whereas, the lapse of the patent of some 10,000 medicines is an opportunity for local drug companies to manufacture the same medicines at cheaper costs, which will eventually allow them to sell these medicines at lower prices and ultimately introduce competition in the pharmaceutical market;

Whereas, there is a need to look into the government's action to promote the production of off-patent medicines and other efforts to reduce the cost of medicines in the country;

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, to urge the Senate Committee on Trade and Commerce, to conduct an inquiry, in aid of legislation, into the expiration of the patents of some 10,000 essential drugs and the government's efforts to encourage the local manufacture of off-patent drugs, with the end in view of introducing remedial measures to reduce prices of medicines sold in the country.

  
MAR Roxas  
Senator  
